

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SHELBY RURAL)	
ELECTRIC COOPERATIVE CORPORATION,)	
FOR AN ORDERING ISSUING A CERTIFICATE)	CASE NO.
OF PUBLIC CONVENIENCE AND NECESSITY)	97-198
AND AUTHORITY TO BORROW A SUM OF)	
\$2,795,000 FROM NRUCFC)	

INTERIM ORDER

Shelby Rural Electric Cooperative Corporation ("Shelby") filed its application on June 17, 1997 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$2,795,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and to execute its notes to secure such loan.

In support of its application, Shelby filed its 1997-2000 Work Plan which describes in detail the improvements and additions to its plant that are required over the next 4 years to serve its load. Shelby seeks authorization to construct extensions and additions to its plant as follows:

1.	New Distribution Lines	\$3,799,601
2.	Distribution Line Conversions	536,570
3.	Transformers and Meters	1,176,000
4.	Increased Service Capacity	114,000
5.	Sectionalizing Devices	88,200
6.	Security Lights	216,000

7.	Regulators	118,600
8.	Pole Replacements	600,000
9.	Ordinary Conductor Replacements	2,480,529
10.	Clearance Poles	81,500
11.	SCADA	<u>105,000</u>
	Total	\$9,316,000

The proposed construction will enable Shelby to continue to provide adequate and dependable electric service to its consumers. The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance, and provide for improved service reliability.

Shelby has advised the Commission that CFC has issued final authorization for the proposed loans. Shelby has not received approval for financing from Rural Utilities Service ("RUS"). Therefore, the Commission will defer ruling on the proposed borrowing from CFC until the authorization to borrow from RUS has been granted

Based on the application and supporting 1997-2000 Work Plan, and being advised, the Commission finds that the proposed improvements and additions to be constructed by Shelby are necessary to provide adequate, reliable electric service to existing customers and anticipated new customers.

IT IS THEREFORE ORDERED that:

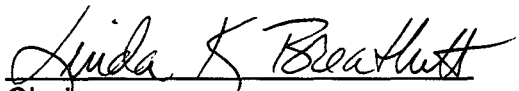
1. Shelby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and addition as set forth in its 1997-2000 Work Plan.
2. Shelby's application for authorization to borrow \$2,795,000 from CFC and to execute notes to secure such loan is continued generally.

3. Shelby shall inform the Commission every 60 days of the status of its loan from RUS until it receives final loan approval.


4. Within 10 days of its receipt of final loan approval, Shelby shall notify the Commission in writing of the final loan approvals received from RUS.

Done at Frankfort, Kentucky, this 12th day of August, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director